2006–2007

Saskatchewan

Provincial Budget

Performance Plan

Saskatchewan Liquor and Gaming Authority

Minister's Message

It is my pleasure to present the 2006-07 Performance Plan for the Saskatchewan Liquor and Gaming Authority (SLGA). SLGA's mission is to distribute, manage, operate and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility. Revenues generated through liquor and gaming activity in the province assist charities, communities, businesses and government in realizing their goals. In 2004-05, SLGA transferred $361 million to the province's General Revenue Fund in support of broader provincial objectives in areas like health, education and highways. An additional $83.4 million was generated for charities and businesses through programs like the Video Lottery Terminal site commission, the off-sale commercial permittee beer discount, the franchise commission, and charitable gaming proceeds.

SLGA's 2006-07 Performance Plan builds on this past success by presenting a detailed plan of action to meet the goals and objectives identified in our Plan. SLGA is committed to achieving five overarching outcomes within the liquor and gaming sectors in the province. These five outcomes ultimately form SLGA's core goals and include:

- Ensuring excellent customer service;
- Ensuring a fair and effective public policy framework for the provincial liquor and gaming sectors, including the responsible use of liquor and gaming products;
- Being an employer of choice which provides employees with a safe and healthy work environment that values diversity and equity;
- Demonstrating continuous improvement in SLGA's internal business operations and productivity; and,
- Demonstrating strong financial management and accountability.

In 2006-07, SLGA will continue to focus on a number of strategic priorities. Overseeing the development of the two new First Nation casinos at the Whitecap Dakota First Nation and in Swift Current will be a central focus, in addition to the ongoing monitoring of financial management at Saskatchewan Indian Gaming Authority (SIGA). SLGA will also continue to develop and advance strategies to address the overall sustainability of the charitable gaming sector. SLGA will also work to implement a range of social responsibility strategies as a part of the Addley Report, and will work collaboratively with the new Alcohol and Drug Prevention and Education Directorate created under Project Hope.

While the provincial smoking ban, implemented in January 2005, has strengthened broader provincial health and wellness objectives, the legislation will continue to impact SLGA's revenues, particularly for electronic gaming. While SLGA is forecasting a rebound in these revenues, the smoking ban will continue to impact SLGA's net income projections in addition to the revenue available to provincial stakeholders in 2006-07.

I am committed to SLGA's completion of the key actions identified in its 2006-07 Performance Plan and I will report to the people of Saskatchewan on SLGA's actual progress to date in July 2007.

Deb Higgins
Minister Responsible for the
Saskatchewan Liquor and Gaming Authority

Who We Are

CORPORATE OVERVIEW

The Saskatchewan Liquor and Gaming Authority is a Treasury Board Crown Corporation responsible for the distribution, management and regulation of liquor and gaming across the province. SLGA achieves this through socially responsible, fair and cost-effective services and programs delivered by employees at offices in Regina and Saskatoon, a liquor distribution centre in Regina and a network of 80 liquor stores and 191 franchises throughout the province.

In 2004-05, SLGA had a net income of $362.1 million, and total revenues of more than $740 million. Each year, SLGA transfers its net income to the provincial government's General Revenue Fund (GRF) in support of broader provincial objectives. In the past decade, SLGA has transferred more than $3 billion in net income to the provincial GRF.

As of March 31, 2005, SLGA employed approximately 900 staff in 64 communities throughout the province, the majority of which work part-time. Approximately 90 per cent of employees are members of the Saskatchewan Government and General Employees' Union (SGEU) Local 6080.

SLGA operates under *The Alcohol and Gaming Regulation Act, 1997* and works in partnership with a broad range of stakeholders and clients, including: the SGEU; the Federation of Saskatchewan Indian Nations (FSIN); the Saskatchewan Indian Gaming Authority (SIGA); Indigenous Gaming Regulators (IGR); Western Canada Lottery Corporation (WCLC); the Canadian Restaurant and Foodservices Association; the Hotels Association of Saskatchewan; the Saskatchewan Liquor Vendors Association; the Canadian Vintners' Association; liquor-permitted establishments; non-profit clubs; charity associations/individual charities; Pollard Banknote Limited; the Brewers of Canada; and Spirits Canada.

SLGA has six corporate divisions:

- The Retail Operations Division is responsible for the purchasing, distribution, warehousing and retailing of beverage alcohol in Saskatchewan. The Division oversees Saskatchewan's liquor stores and franchises.
- The Regulatory Compliance Division is responsible for the licensing, inspection and monitoring of liquor and gaming activities in the province. The Division is also responsible for horse racing and provides a range of community information and education seminars.
- The Gaming Operations Division is responsible for the planning, implementation and management of the VLT program, breakopen vending machine program and the slot machines in First Nations casinos along with the implementation of the operational agreements relating to the province's First Nations casinos.

- The Corporate Services Division provides financial, administrative, procurement, information systems, property management and audit support services to the organization.
- The Human Relations Division provides organizational development, communications and human resource services to the organization.
- The Policy and Planning Division is responsible for corporate planning, performance measurement and reporting, policy development and analysis, research and evaluation and legislative services for the organization. The Division also plays a central role in the ongoing implementation of the Gaming Framework Agreement.

THE PROVINCIAL BEVERAGE ALCOHOL SECTOR

Saskatchewan's model for beverage alcohol distribution combines a public model of liquor distribution with private franchises and off-sale outlets. SLGA operates 80 liquor stores in 64 communities throughout the province. In addition, SLGA grants 191 small businesses in rural Saskatchewan a franchise to sell beverage alcohol on its behalf. This partnership with provincial franchises serves a critical role in ensuring that all Saskatchewan residents have equal and fair access to liquor products and services. In 2004-05, there were also 478 off-sale outlets across the province licensed to sell a full range of beverage alcohol products. In terms of distribution, SLGA lists over 2,100 products and SLGA's distribution centre in Regina processes an annual flow of more than 1.2 million cases of beverage alcohol that are received, stored and ultimately shipped across the province.

SLGA also fulfils a significant regulatory function within the liquor sector. As a regulatory body for liquor-permitted premises, SLGA works on its own and with local police services to ensure that the more than 1,700 commercial permittees in the province are complying with the rules and regulations set out in *The Alcohol and Gaming Regulation Act, 1997*. SLGA also follows up on any complaints regarding permitted establishments. SLGA administers special occasion permits for the province that are required for serving alcohol at special events such as weddings, cabarets and fundraisers. There were 17,309 permits issued in 2004-05.

THE PROVINCIAL GAMING SECTOR

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY

SLGA fulfils a number of distinct roles in the provincial gaming sector. First, SLGA directly manages the majority of the province's electronic gaming machines, including the province's network of video lottery terminals (VLTs), and the slot machines at First Nations casinos. SLGA owns and operates all provincial VLTs. The overall number of VLTs in Saskatchewan remains capped at 4,000 machines. SLGA contracts with the Western Canada Lottery Corporation to service and maintain the VLTs. SLGA also pays a commission to liquor-permitted establishments which host the VLT machines. As of March 31, 2005, there were 3,971 VLTs in 697 sites, located in 324 communities across the province.

Second, SLGA plays an important role in regulating the operations of the province's casinos which currently include: Saskatoon's Emerald Casino, operated by Saskatoon Prairieland Park Corporation; four First Nations casinos operated by the Saskatchewan Indian Gaming Authority; and two government casinos in Moose Jaw and Regina operated by the Saskatchewan Gaming Corporation (SGC). SLGA's regulatory role will also expand to include two new First Nation casinos in Swift Current and at the Whitecap Dakota First Nation as they become operational.

Third, SLGA licenses and regulates most other forms of gaming including bingo, raffles, breakopen tickets, as well as the horse racing industry in the province. SLGA conducts this regulatory activity through a range of licensing, monitoring and auditing activities. Money raised through charitable gaming activities is retained by charitable organizations. The Province also provides grants to track operators for stake races, purse support and other programs.

SASKATCHEWAN INDIAN GAMING AUTHORITY (SIGA)

First Nations casino gaming in Saskatchewan is conducted through an agreement between the Province and the Federation of Saskatchewan Indian Nations (FSIN). The FSIN created the Saskatchewan Indian Gaming Authority to operate four First Nation casinos in North Battleford, Prince Albert, White Bear, and Yorkton. Two additional First Nation casinos in Swift Current and at the Whitecap Dakota First Nation are expected to become operational over the next year.

SIGA revenues are split, with 37.5 per cent of net profits provided to the provincial government's General Revenue Fund, 37.5 per cent provided to the First Nations Trust, and 25 per cent directed to Community Development Corporations (CDCs). The First Nations Trust provides funds to individual First Nations to support economic development, social development, justice, health, education, culture and other First Nations initiatives. The Trust is administered by a First Nation Board of Trustees. Saskatchewan First Nations and Métis Relations (FNMR) is responsible for providing funds to the Trust and for ensuring that the Trust meets the accountability requirements expected of it. CDCs fund economic development, social development, justice, education, recreation, culture, health and other related initiatives among First Nations and non-First Nations organizations in and around the communities where these casinos are located. CDCs are run by boards in each of these four communities.

Under the Gaming Framework Agreement between the Province and the FSIN, payments are also made to the First Nations Addiction Rehabilitation Foundation ($1.5 million) for problem gambling services, and to the FSIN ($250,000) to support its efforts to prepare proposals for on-reserve gaming jurisdiction. These payments are made prior to the profit distribution described above. SIGA directly retains any profits it makes from table games to support First Nations religious or charitable organizations. As of March 31, 2005, SIGA casinos employed 1,166 people, 79 per cent of whom are of Aboriginal heritage. In 2004-05, SIGA reported a net profit of $34 million, the highest net profit ever reported for SIGA, and a 2.3 per cent increase over 2003-04 ($33.2 million).

SASKATCHEWAN GAMING CORPORATION (SGC)

Casinos Regina and Moose Jaw are operated by the Saskatchewan Gaming Corporation, a provincial Treasury Board Crown Corporation. Revenues from SGC casinos are also split, with 50 per cent of revenues retained by the provincial government, 25 per cent provided to the First Nations Trust (FNT) and 25 per cent provided to the Community Initiatives Fund (CIF). The CIF distributes casino profits to exhibition associations and to community groups that provide programs and services for vulnerable children, youth and families. The fund is administered by Saskatchewan Culture, Youth and Recreation. As of March 31, 2005, Casinos Regina and Moose Jaw employed 791 staff, 50 per cent of whom are of Aboriginal heritage.

Plan at a Glance

This is the fourth year that SLGA has developed and published its performance plan. SLGA's 2006-07 Performance Plan builds on last year's Plan that was published with the Provincial Budget in March 2005. SLGA consults regularly with a wide variety of internal and external stakeholders as a part of its regular business operations. SLGA has also emphasized a multi-year, collaborative and participatory approach to strategic planning across the organization and with key stakeholders. All six Corporate Divisions regularly participate in the planning process and SLGA has implemented several corporate processes designed principally to support SLGA's commitment to strengthening planning and accountability for results across the organization.

Below is a summary of SLGA's 2006-07 Performance Plan. The goals and objectives presented below articulate the key outcomes that SLGA seeks to achieve in advancing our vision. A detailed review of SLGA's objectives, key actions and performance measures can be found in the *Goals, Objectives, Actions and Measures* section. While SLGA's goals and objectives are intended to be multi-year in nature, the key actions presented here relate only to the 2006-07 fiscal year. Strategic planning is implicitly evolutionary in nature, and SLGA expects that its plan will mature and evolve over time to respond to emergent opportunities and challenges in the planning environment.

SLGA'S VISION

SLGA's vision describes the ideal state to which the organization strives. SLGA's vision is:

- Excellent customer service
- Progressive business operations and fiscal responsibility
- Responsible use of liquor and gaming products
- Fair access to liquor and gaming products and services
- That charities, business and government realize their goals through the economic benefits generated through liquor and gaming activity; and
- SLGA is an employer of choice representative of the diversity of Saskatchewan.

SLGA'S MISSION

To distribute, manage, operate and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility.

GUIDING PRINCIPLES

SLGA's guiding principles define its core beliefs and values:

- **Integrity** – We will be honest, fair and trustworthy in our activities and relationships.
- **Social Responsibility** – We will conduct our operations in a manner that balances revenue generation and social responsibility.
- **Fiscal Responsibility** – We will conduct our operations in a fiscally responsible way.
- **Accountability** – We will be accountable to the Saskatchewan people for our actions, decisions and performance.
- **Mutual Respect** – We will be respectful in our interactions, based on fairness, equity and openness.
- **Open Communication** – We will communicate and consult internally and externally in an open, direct, and respectful manner.
- **Diversity** – We will value people and their differences.

OVERVIEW OF SLGA'S GOALS, OBJECTIVES, AND MEASURES

GOAL 1

Customer Service – Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff

OBJECTIVE 1 *– Customer Service Excellence: Achieve and maintain a high level of customer satisfaction by providing excellent customer service within a contemporary infrastructure that balances customer expectations with fiscal responsibility*

Performance Measure

- Customer satisfaction – retail liquor customers

GOAL 2

Public Policy – Develop and administer fair public policy which monitors and regulates liquor and gaming activity, provides for a fair distribution of revenues among provincial stakeholders, and promotes integrity and social responsibility in the industry

OBJECTIVE 1 *– Monitoring and Regulating: Promote integrity, responsibility and fairness in the liquor and gaming industry*

Performance Measures

- Compliance rates for liquor activity and for charitable gaming
- Number of inspections and investigations
- Number of audits/reviews and sanctions

OBJECTIVE 2 *– Revenue Distribution: Distribute liquor and gaming revenue among provincial stakeholders in support of broader provincial objectives*

Performance Measures

- VLT site commission revenue
- Off-sale permittee beer discount
- Franchise commission
- Charitable gaming proceeds
- Revenue transferred to First Nations Addiction Rehabilitation Foundation (FNARF)
- VLT revenue transferred to the General Revenue Fund
- SIGA net income transferred to the General Revenue Fund
- SLGA total net income transferred to the General Revenue Fund

OBJECTIVE 3 – *Fair Access: Support fair access to liquor and gaming products and services*

Performance Measures

- Retail outlets per capita
- Number of VLTs in operation; number of sites; number of communities with VLTs

OBJECTIVE 4 – *Social Responsibility: Promote social responsibility in the use of liquor and gaming products*

Performance Measure

- Under development

GOAL 3

Our People – Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility

OBJECTIVE 1 – *Employee Health, Safety, and Satisfaction: Create a safe, healthy, and positive workplace for our employees*

Performance Measure

- Number of employees who have taken harassment and violence in the workplace awareness training each year

OBJECTIVE 2 – *Employee Performance and Skill Development: Develop the capacity and skills of our employees by offering opportunities for learning and growth*

Performance Measure

- Percentage of employees and managers using the new performance planning process

OBJECTIVE 3 – *Representative Workforce: Develop a workforce that is representative of the population we serve*

Performance Measure

- Equity group employment

OBJECTIVE 4 – *Communication: Effectively communicate our policies, priorities and results, both within our organization and externally to the public*

Performance Measure

- Employee satisfaction with internal communication

GOAL 4

Internal Operations – Continually improve our business processes through enhanced productivity, improved internal management systems, and through the creativity of all employees

***OBJECTIVE 1** – Improved Business Processes, Productivity and Infrastructure: Streamline our internal business processes and infrastructure in ways that enable our employees and foster continuous improvements in customer service, productivity and cost-effectiveness*

Performance Measures

- Licensing, regulating and support expenses as a per cent of revenue
- Store operating costs as a per cent of store sales
- WCLC costs as a per cent of VLT revenue
- SIGA net income as a per cent of SIGA net revenue
- SIGA slot costs as a per cent of SIGA slot revenue

GOAL 5

Financial – Be fiscally responsible and accountable in support of provincial financial objectives

***OBJECTIVE 1** – Financial Management and Accountability: Manage our resources effectively to ensure fiscal responsibility and accountability*

Performance Measures

- Net income transferred to the General Revenue Fund
- Net income percentage variance from previous year
- Marginal return on expenses

2006-07 Financial Overview

SLGA's 2006-07 financial plan builds on the strategic direction set out in this performance plan. The financial plan is intended to support SLGA in achieving the goals and objectives set out in its strategic plan.

The main financial outcome for SLGA is its net income which consists primarily of the following components: provincial VLT revenues; SIGA net income; and profits from the retail liquor sector. SLGA's net income is transferred annually to the Government's General Revenue Fund (GRF) in support of broader provincial objectives. In 2004-05, $361 million was made available to the General Revenue Fund by SLGA.

For 2006-07, SLGA is budgeting for a net income transfer of $334.1 million. VLT net income is estimated to increase by $7.7 million (4.6 per cent) relative to SLGA's budget estimates for 2005-06. This increase is based on a 5 per cent recovery in VLT revenues following the impact of the provincial non-smoking legislation. SIGA net income is estimated to increase by $2.0 million (7.1 per cent) relative to the 2005-06 budget. Net income in the retail liquor sector is expected to increase by $2.9 million (1.8 per cent) over 2005-06 estimates based on moderate volume growth forecasts in the beer and wine categories.

Overall, SLGA's capacity to continue to generate additional revenues is increasingly impacted by the convergence of a variety of macro-economic forces and public policy choices. SLGA continues to operate in an increasingly competitive environment and operational costs have risen in both the liquor and gaming sectors. As well, the provincial gaming market is increasingly moving towards saturation, and macro-economic and demographic trends in the province continue to impact SLGA's overall profitability. Given the convergence of these factors, it is increasingly evident that significant increases in net income and revenue must be the outcome of specific policy choices and not natural growth in the liquor and gaming sectors.

Trends and Issues

Environmental scanning and risk management provide important foundations for strategic planning as they can reveal strategic issues that need to be addressed in SLGA's strategic plan. SLGA has a robust annual process for environmental scanning, and has recently begun to implement corporate processes designed to identify and manage key risks and challenges in the operational environment. For SLGA, risk is broadly defined as events or circumstances in the environment that may impact the corporation's ability to achieve its corporate goals and objectives. A summary of the major trends and challenges in the operational environment for SLGA follows. These trends and issues in the external and internal environment help shape and define SLGA's approach to strategic planning and corporate risk management.

DEMOGRAPHIC TRENDS

Demographic trends have significant implications for SLGA both in terms of how it delivers products and services but also for maintaining revenues. Because population growth is a determinant of the natural growth in overall liquor consumption and gaming activity, maintaining revenues over the long-term is a challenge for SLGA if the provincial population does not grow or declines. In addition, Saskatchewan's population overall is aging. Generally speaking, overall liquor consumption and gaming activity levels decline with age. These factors can be compounded by concurrent trends like the net out-migration of young adults and increasing rural depopulation that can impact the viability of rural liquor franchises and rural hoteliers.

TRENDS IN BEVERAGE ALCOHOL

The beverage alcohol industry is characterized by a number of common trends. The volume of spirit sales has stabilized in recent years, while wine and cooler sales have recorded significant increases with several new products entering the market and the increased overall popularity of wine. Beer sales, with the exception of 2004-05, have been gradually increasing over the past several years. This shift away from spirits to wine and beer has put significant downward pressure on profit margins largely because beer and wine products are subject to a lower mark-up relative to spirits. Aside from product trends, consumers are constantly seeking more product information and product selection, better shopping environments and increased convenience.

FIRST NATIONS GAMING

Management of First Nations gaming issues will continue to be a priority for SLGA over the near to medium term. In addition to the ongoing monitoring of financial management at SIGA, overseeing the development of two new casinos in the Whitecap Dakota First Nation and in Swift Current will be a central focus. Negotiations regarding First Nations jurisdiction over gaming on reserve land and the capacity building associated with the transfer of the regulation of on-reserve charitable gaming to the Indigenous Gaming Regulators will also be of significant importance.

CHARITABLE GAMING

Charitable gaming revenues have been in decline for a number of years. Revenues available to the province's charities have declined more than 20 per cent since 2001-02. A comprehensive charitable gaming review was initiated in 2004-05 to examine the potential causes, and the impact, of this decline in revenues accruing to charities. SLGA will continue to advance strategies and proposals to address the overall sustainability of the charitable gaming sector in the context of this review.

SOCIAL RESPONSIBILITY

Establishing the appropriate balance between revenue generation and social responsibility is a key objective for SLGA. The Addley Report and the Premier's Project Hope have focused more public and government attention on the socially responsible use of alcohol and gaming products, and more generally, on the social and health implications of addiction. SLGA has advanced a range of possible strategies that could be implemented as a part of the recommendations of the Addley Report. SLGA will also work collaboratively with the new Alcohol and Drug Prevention and Education Directorate created under Project Hope. Work is also underway to monitor and evaluate the socio-economic impact of gaming, and SLGA continues to work with Saskatchewan Health to provide funding for education, prevention and treatment initiatives related to problem gambling.

REVENUE GENERATION CAPACITY

SLGA has steadily increased its net income over the last ten years, transferring over $3 billion in net income to the provincial General Revenue Fund since 1994-95[1]. This growth has largely been the result of the implementation of specific policy changes complemented by natural growth in both the liquor and gaming sectors. However, SLGA's capacity to continue to generate additional revenues is increasingly impacted by the convergence of a variety of macro-economic forces and public policy choices. SLGA continues to operate in an increasingly competitive environment and operational costs have risen in both the liquor and gaming sectors. As well, the provincial gaming market is increasingly moving towards saturation, and macro-economic and demographic trends in the province continue to impact SLGA's ability to generate increased revenue. Given the convergence of these factors, it is increasingly evident that significant increases in net income and revenue must be the outcome of specific policy choices and not natural growth in the liquor and gaming sectors.

INTERNAL CORPORATE CHALLENGES

SLGA also faces a number of important internal challenges including: succession planning; the ongoing need to invest in new information systems and business applications; ensuring training programs keep pace with new initiatives; continually seeking to improve accountability and integrity in an increasingly complex gaming environment; responding to the needs of diverse stakeholder groups; and, safeguarding SLGA's assets through business continuity and disaster recovery planning strategies.

PROVINCIAL SMOKING BAN LEGISLATION

The provincial smoking ban implemented in January 2005 primarily impacted SLGA's VLT revenues. The ban also had an important impact on reducing the money available to sector stakeholders from this activity. For the 2006-07 budget and planning cycle, SLGA is budgeting for a rebound of 5 per cent in VLT revenue for 2006-07 and each year thereafter. Despite this rebound in expected revenue projections, the smoking ban will continue to impact SLGA's net income projections in addition to the revenue available to provincial stakeholders.

[1] *This figure does not include the transfer of SLGA's retained earnings to the Fiscal Stabilization Fund in 2000-01. The figure simply represents SLGA's combined net income over this period.*

Changes from 2005-06 Performance Plan

There have been no fundamental changes in SLGA's overarching strategic direction for 2006-07. SLGA's five main strategic goals remain the same as those published in its 2005-06 Performance Plan. All key actions have been updated to focus on the 2006-07 planning and budgeting cycle, and all performance measurement results have been updated using 2004-05 year-end data. SLGA has, however, made some adjustments to its performance plan in a few areas. These adjustments have been made primarily to clarify, simplify and refine SLGA's existing plan. Specific changes are noted in detail below.

Revised Mission Statement

- SLGA made a minor adjustment to its mission statement which now reads: "To distribute, manage, operate and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility." SLGA adjusted its mission statement to more effectively capture SLGA's operational role in the liquor and gaming sectors.

Merged Objectives in Goals 1 and 4

- **Goal 1:** SLGA merged the two former objectives under Goal 1 into a single, integrated objective speaking to "customer service excellence." This replaces the two former objectives that spoke to "customer satisfaction" and developing a "customer-focused infrastructure." All of the former concepts, actions, and measures have been retained in the new objective.
- **Goal 4:** SLGA merged the two former objectives under Goal 4 into a single integrated objective that speaks to seeking continuous improvements in SLGA's "internal operations." This replaces the two former objectives that spoke to "improved business processes" and liquor and gaming "distribution productivity." All of the former concepts, actions, and measures have been retained in the new objective.

Changes to SLGA's Performance Measures

The following performance measures have been **added** to SLGA's 2006-07 plan:

- Compliance rate for charitable gaming (Goal 2, Objective 1)
- Employee satisfaction with internal communication (Goal 3, Objective 4)

A number of performance measures have been either **deleted** or **converted to key actions** in SLGA's 2006-07 plan including measures surrounding:

- Per cent of in-scope employees whose jobs have been evaluated under the classification plan
- Percentage of employees with learning plans
- Number of stores renovated or relocated
- Number of registrations
- Total number of compliance contacts
- Number of educational workshops
- Evaluate the effectiveness of SLGA's training programs; and
- Number of employees who have taken Aboriginal cultural awareness training.

Goals, Objectives, Actions and Measures

The following section of SLGA's performance plan is intended to provide more detailed information about SLGA's strategic direction. This section describes in greater detail SLGA's objectives, what key actions it will undertake, and how well the organization is doing in achieving these prescribed outcomes. All of the key actions identified here apply to the 2006-07 fiscal year. Unless otherwise indicated, SLGA has reported year-end results for the 2004-05 fiscal year for its performance measures.

GOAL 1

Customer Service – Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff

OBJECTIVE 1 *– Customer Service Excellence: Achieve and maintain a high level of customer satisfaction by providing excellent customer service within a contemporary infrastructure that balances customer expectations with fiscal responsibility*

Excellent customer service is one of the most important outcomes for SLGA as a customer-oriented, retail business. As such, SLGA's strategic plan has dedicated considerable resources to continually improving customer service. Customer satisfaction is an important indicator of the quality of SLGA's programs and services and how they are perceived by the public and stakeholders.

The overall quality and the outcomes achieved by SLGA's core businesses are dependent on a range of components, including the infrastructure used to house and deliver our products and services. This infrastructure can range from retail liquor stores, to electronic gaming machines (e.g. VLTs and slots), to SLGA's warehouse inventory and point-of-sale systems. The extent to which SLGA's infrastructure is maintained, replaced or upgraded has significant implications for how the corporation meets specific needs, including a desire to enhance customer service and to respond to changing market demands.

Key Actions for 2006-07

- Deliver a retail liquor customer satisfaction survey and conduct follow-up detailed analysis.
- While SLGA will continue to provide customer service and product knowledge training to new employees as required, the focus for 2006-07 will be to explore the development of an advanced level of product knowledge training.
- Continue to refine and implement a liquor store capital plan that provides improved customer service through increased product selection, improved parking and improved access to products and services.
- Update and implement an annual marketing plan that identifies opportunities to enhance and promote retail liquor sales and services.
- SLGA will work with SIGA on an annual basis to review and evaluate the current slot machine product located in SIGA casinos. SLGA will work in consultation with SIGA and WCLC to replace slot machines on a regular basis and implement a maintenance plan for the machines.
- Implement a follow-up satisfaction survey to measure performance and obtain feedback about licensing services from customers in order to make improvements over time. SLGA delivered a survey in 2003-04 and intends to administer a follow-up survey in 2006-07.
- Develop and implement a consumer education program focused on the use of charitable gaming as a fundraising tool.

What are we measuring?

Customer Satisfaction – Retail Liquor Customers

Where are we starting from?

91% of survey respondents are satisfied with customer service at liquor stores

96% of survey respondents said that the overall quality of service provided by liquor stores either met or exceeded their expectations

[2004-05]

In 2004-05, SLGA administered a customer satisfaction survey pertaining to SLGA's retail liquor stores. This survey follows-up on a similar survey conducted in 2002-03. Satisfaction surveys help SLGA to develop strategies to improve customer satisfaction. The survey was administered to a random sample of 1,500 Saskatchewan residents. The survey is considered accurate to within plus or minus 2.5 per cent at a 95 per cent confidence level.

Overall, satisfaction ratings for SLGA's retail liquor customers remained very strong in 2004-05. Considering the statistical accuracy of the surveys, the level of customer satisfaction was maintained relative to the 2002-03 baseline survey.

GOAL 2

Public Policy – Develop and administer fair public policy which monitors and regulates liquor and gaming activity, provides for a fair distribution of revenues among provincial stakeholders, and promotes integrity and social responsibility in the industry

***OBJECTIVE 1** – Monitoring and Regulating: Promote integrity, responsibility and fairness in the liquor and gaming industry*

A key part of SLGA's role focuses on developing, administering and enforcing the laws and regulations pertaining to the province's liquor and gaming sectors. SLGA works in conjunction with law enforcement authorities, the Provincial Auditor's Office and other regulatory agencies in order to ensure greater effectiveness and efficiency in monitoring both liquor and gaming activities throughout the province. SLGA also conducts comprehensive site inspections and investigates complaints. In addition to these roles, SLGA plays an important role in ensuring the legislative and regulatory framework addresses emerging challenges. All of these functions are designed to ensure the integrity of the liquor and gaming industries in the province within a legal framework that is both fair and responsible.

Key Actions for 2006-07

- SLGA will complete a liquor regulatory review in 2006-07 that evaluates the liquor permitting and regulatory system.
- SLGA will continue to work with SIGA to achieve progress on each of the sustained progress benchmarks. SLGA will undertake two audits of SIGA's progress in this regard in 2006-07 as per the requirements of the Casino Operating Agreement. In 2006-07, SLGA will also continue to review SIGA's annual strategic and business plans and support SIGA in aligning their plans with their financial and operational plans, as well as the objectives set forth in SLGA's performance plan.
- SLGA will review and follow up on any reportable items identified by the Provincial Auditor, the Regulatory Compliance Division and the Audit Services Branch within SLGA. SLGA will continue to work with SIGA and WCLC to ensure reportable items are followed up and appropriately addressed.
- SLGA will continue to implement its workplan to bring SLGA into compliance with the province's Privacy Framework. Priorities for 2006-07 include the implementation of a data classification system.
- SLGA will continue to modernize and update the regulatory framework for liquor and gaming activity in the province.
- Develop and implement a program within liquor permitted establishments to monitor the integrity of the VLT program through random computer checks, increased investigations and sanctions for infractions.
- SLGA will continue to register gaming employees and suppliers as a key part of its overall compliance activity. Part of this activity includes the ongoing refinement and evaluation of SLGA's new on-line registration system. In 2004-05, SLGA registered 2,521 employees and 90 suppliers.
- SLGA will continue to provide a range of formal consultations and educational workshops to a variety of stakeholders and clients about regulatory compliance standards. In 2004-05, SLGA had over 10,000 total contacts with licensees and provided 221 educational workshops.

What are we measuring?

Compliance Rates, Audits and Sanctions

Where are we starting from?

Compliance Rates for Liquor Activity: 97%

Compliance Rates for Charitable Gaming: 90%

Number of Inspections: 4,377

Number of Investigations: 2,650

Number of Audits/Reviews: 132

Total Number of Sanctions: 196

[2004-05]

Ensuring a high degree of compliance is a key outcome envisioned in SLGA's strategic plan. The measures above demonstrate how SLGA ensures compliance in the liquor and gaming sectors in the province. Each measure contributes to ensuring the integrity of SLGA's regulatory compliance framework. The first two measures depict the compliance rate outcomes for both the liquor and charitable gaming sectors by illustrating what percentage of inspections and investigations do not result in a sanction. Overall, these measures demonstrate that compliance rates in these two areas are very high. Measures surrounding the number of inspections, investigations, sanctions and audits reflect the scope of activity conducted in various areas of regulatory compliance. Some of SLGA's compliance outcomes may fluctuate from year-to-year as a result of shifts toward more in-depth, project-based, inspections and investigations. Notably, three previous measures for this objective have been converted to key actions (i.e. number of registrations, number of consultations, and number of educational workshops).

OBJECTIVE 2 – *Revenue Distribution: Distribute liquor and gaming revenue among provincial stakeholders in support of broader provincial objectives*

SLGA plays a significant role in both revenue generation for the provincial government as well as in redistributing liquor and gaming revenues among provincial stakeholders in support of the achievement of broader provincial objectives. The policy and legislative framework governing the province's liquor and gaming sectors provides for more than direct redistribution in that it allows stakeholders the opportunity to generate their own revenue from these activities. This objective speaks to SLGA's role in setting out an effective and fair policy framework, as well as the corporation's role in redistributing revenue among charities, businesses and partners.

Key Actions for 2006-07

- Continue to implement the provisions of the Gaming Framework Agreement and work towards the fulfillment of its obligations, including work on: the Casino Operating Agreement; the Indigineous Gaming Regulators (IGR) – SLGA Regulatory Agreement; operationalizing the arrangements for two new casinos approved for SIGA in 2004-05 in Swift Current and the Whitecap Dakota First Nation; the joint FSIN/provincial committee respecting First Nations jurisdiction over gaming on reserve land; and participating on a Community Development Corporation (CDC) Standing Committee.
- Implement SLGA's corporate research agenda, which includes policy and program evaluation, background research and post-implementation evaluation. In 2006-07, analysis on the impact of the smoking ban on SLGA and its stakeholders will continue to be a focus. The research agenda will also include monitoring the impact of proposed changes following policy reviews in charitable gaming and liquor licensing.
- Based on the 2004-05 charitable gaming review, SLGA has developed recommendations regarding potential strategies to sustain the charitable gaming industry and SLGA's role in supporting the charitable gaming sector. The primary focus in 2006-07 will be on implementing approved recommendations flowing from the review.

What are we measuring?

Revenue Distribution to Stakeholders

Where are we starting from?

VLT Site Commission Revenue (SLGA pays a 15% VLT site commission to permitted establishments that host VLTs):
$40.1 million *[March 31, 2005]*

Off-Sale Permittee Beer Discount:
$8.2 million *[March 31, 2005]*

Franchise Commission:
$4.8 million *[March 31, 2005]*

SLGA Net Income Transferred to the General Revenue Fund:
$361.0 million *[March 31, 2005]*

Charitable Gaming Proceeds:
$30.3 million *[2004-05]*

Revenue Transferred to the First Nations Addiction Rehabilitation Foundation (FNARF):
FNARF receives $1.5 million in funding annually through the Gaming Framework Agreement to support problem gambling prevention and addiction services.

VLT Revenue Transferred to the General Revenue Fund:
$194.0 million *[2004-05]*

SIGA Net Income Transferred to the General Revenue Fund (as per the Gaming Framework Agreement, the Province retains 37.5% of SIGA's net income):
$34.0 million *[2004-05]*

The measures above reflect how revenues are shared among various provincial stakeholders within the liquor and gaming sectors in Saskatchewan. The measures provide context about how liquor and gaming revenues are distributed among many different provincial stakeholders, beyond the provincial government.

***OBJECTIVE 3** – Fair Access: Support fair access to liquor and gaming products and services*

Saskatchewan's geographically dispersed population makes achieving this objective a key principle in the province's public delivery model from not only a consumer's perspective but also from a business perspective. The policy framework not only allows for access to these goods and services in rural and remote areas by consumers, but it also provides businesses, charities, and First Nations with the opportunity to benefit from these activities. In the retail liquor distribution sector this objective is dependent on SLGA's partnership with the province's network of private franchises and off-sale outlets, and access to gaming activities depends on SLGA's partnership with VLT site contractors, the province's charitable gaming network and SIGA casinos.

Key Actions for 2006-07

- SLGA will monitor the distribution of VLTs in the province and as VLTs become available SLGA will distribute them in accordance with its policy.

What are we measuring?	**Where are we starting from?**
Retail Liquor Outlets per Capita	One liquor outlet for every 981 residents, age 19 and older. The 2004-05 result is calculated based on a total of 750 outlets (81 SLGA stores + 478 off-sale outlets + 191 franchises) and a provincial population for those age nineteen and older of 735,646. *[Statistics Canada, Population Survey, 2005]*

Saskatchewan's model for beverage alcohol distribution provides more outlets per capita than in any other jurisdiction except Quebec. This measure depicts the ratio of liquor outlets per capita using provincial population data for those age nineteen and older. The measure is calculated by dividing the '19+' provincial population cohort by the total number of retail outlets, including the number of SLGA liquor stores, the number of franchises and the number of off-sale outlets.

What are we measuring?	**Where are we starting from?**
Number of VLTs in Operation; Number of Sites; and the Number of Communities with VLTs	3,971 VLTs in 697 sites, located in 324 communities in Saskatchewan. SLGA continues to operate within the established cap of 4,000 VLTs.

This measure tracks the total number of VLTs in operation, the number of sites in which VLTs are operational and the number of communities with VLTs. The measure serves as a good indicator for tracking fair access to VLTs.

OBJECTIVE 4 *– Social Responsibility: Promote social responsibility in the use of liquor and gaming products*

This objective is intended to reflect the key partnership role SLGA plays in promoting the socially responsible use of liquor and gaming products in collaboration with agencies like Saskatchewan Health and Saskatchewan Government Insurance (SGI). Social responsibility forms a part of SLGA's mandate and work towards this objective is an important part of SLGA's strategic direction. SLGA currently contributes to a number of programs and initiatives designed to improve social outcomes in the use of liquor and gaming products including programs like: the Server Intervention Program; responsible drinking awareness programs and initiatives; VLT Customer Assistance Training; problem gambling awareness initiatives and media campaigns; support for Fetal Alcohol Spectrum Disorder through the provincial Cognitive Disabilities Strategy; the Problem Gambling Help-Line; the adoption of responsible gambling features on VLTs; funding for the Saskatchewan Responsible Gaming Association (SRGA); and allowing northern municipalities with the option to ban the sale of of beer in bottles in their community.

Key Actions for 2006-07

- Evaluate SLGA's ongoing role in advancing the socially responsible use of liquor and gaming products and services. In 2006-07, this work will include: continuing its work with the Department of Health and other agencies to review the structure of existing program funding; evaluating the success of these programs in addressing responsible use of liquor and gaming products; and, developing program proposals directed at the responsible use of alcohol and gaming products.

- In response to the recommendations listed in the Addley Report, *Healthy Choices in a Healthy Community,* SLGA will partner with the new Alcohol and Drug Prevention and Education Directorate in an effort to de-normalize current attitudes about alcohol abuse and reduce the opportunity for abuse. Specific recommendations not yet addressed include: reviewing the commercial permittee framework to minimize opportunities for unaccompanied minors to be present in venues where alcohol consumption is a primary or substantial activity; reviewing and recommending legislative/regulatory/policy changes to strengthen the sanction framework for providing alcohol to minors; reviewing the sanction framework for providing alcohol to those who are already intoxicated; and, ensuring that prevention and awareness programming addresses alcohol use and abuse and targets populations at high risk.

- SLGA will contract with an independent researcher to consult with a number of national and international gaming experts for their views on the effects of reducing the number of electronic gaming machines or other adjustments to electronic gaming machines in addressing problem gambling and promoting responsible gambling.

- Work with and financially support an inter-jurisdictional research project aimed at developing a reliable methodology to study the long-term socio-economic impact of gaming.

- Work with Saskatchewan Health within the overall provincial program for problem gambling and provide funding for education, prevention and treatment initiatives.

- SLGA will continue to work with the Western Canadian Lottery Corporation (WCLC) to provide VLT site contractor training which encourages the responsible use of gaming machines and provides training on the signs of problem gambling.

What are we measuring?	Where are we starting from?
Under development	Under development

GOAL 3

Our People – Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility

OBJECTIVE 1 *– Employee Health, Safety and Satisfaction: Create a safe, healthy and positive workplace for our employees*

SLGA employs approximately 900 staff in 64 communities. SLGA staff are critical to ensuring the organization's success in meeting customers' needs and being successful in delivering its core businesses. SLGA is committed to its vision of being an employer of choice and to its guiding principle of mutual respect. SLGA believes that the work environment is a significant determinant of employee success, productivity and retention, and as such, it is a key component of our performance plan.

Key Actions for 2006-07

- SLGA expects to complete the review of its internal policies for No Violence and No Harassment in collaboration with SGEU in 2005-06 and expects to pilot this training program at year-end. In 2006-07, SLGA will begin a formal roll-out of the training to all staff.
- SLGA delivered a comprehensive employee satisfaction survey in 2005-06 and is now in the process of evaluating and communicating the results of the survey. SLGA intends to re-administer a follow-up survey in 2007-08. In 2006-07, the focus will be on developing and implementing an action plan to follow-up on key results.
- SLGA will review the benefit programs delivered to our employees. In 2006-07, SLGA will be positioned to proceed with the implementation of an evaluation of the Employee Family Assistance Program, the Health Plan, Extended Dental Plan and the performance of the Occupational Health and Safety committees.
- SLGA will continue to support positive labour relations by collaborating directly with elected and appointed union representatives and supporting an interest-based approach to collective bargaining, resolving grievances and dispute resolution. SLGA will also continue to provide learning and educational opportunities by supporting union shop steward training.
- In 2005-06, SLGA began the development of a renewed out-of-scope classification plan for SLGA. The new plan will apply to management and professional staff and to the management support group and will be aligned with the revised out-of-scope class plan recently implemented in executive government departments. The implementation of the new plan will be completed in 2006-07.

What are we measuring?	Where are we starting from?
Number of Employees who have taken Harassment & Violence in the Workplace Awareness training each year	Under development

This performance measure is intended to reflect the extent to which employees have taken training designed to eliminate harassment and violence in the workplace. SLGA is working to develop a more effective performance measure for this objective. While SLGA remains interested in tracking participation rates for its training programs, a stronger measure should focus on evaluating the impact or outcome of this training activity.

OBJECTIVE 2 *– Employee Performance and Skill Development: Develop the capacity and skills of our employees by offering opportunities for learning and growth*

Developing the capacity of SLGA's employees is an important component of SLGA's performance management and accountability processes. This objective envisions the development and implementation of a number of initiatives designed to develop employees' skills and ensure performance. These initiatives are also important components in ensuring that the organization has the capacity to meet strategic outcomes including enhancing customer service and overall productivity. As well, this objective is tied to developing leadership skills throughout the organization and to ensuring SLGA can address longer-term human resource challenges like retention, career planning and succession planning.

Key Actions for 2006-07

- Continue to train employees in leadership skills by offering different levels of leadership courses as well as customized modules on specific leadership issues. This training is intended to provide employees with enhanced leadership skills and a stronger understanding of concepts like self-responsibility, accountability and self-evaluation.
- SLGA began the development of a new performance planning process in 2004-05 and determined that core competencies would be a key component. Process development was delayed to allow for core competency implementation for a critical majority of positions. New process is targeted for finalization and initial implementation by the end of 2006-07.
- SLGA will continue the development of its succession planning strategies though 2006-07. This includes the implementation of a number of specific initiatives including: a revitalized performance management system; developing core competencies for all positions; continuing initiatives to diversify the workforce through SLGA's Employment Equity and Aboriginal Partnership initiatives and continuing the delivery of a range of training programs.

- In 2006-07, SLGA will undertake to develop a comprehensive maintenance strategy for information technology training to ensure that SLGA has the training capacity required to meet the needs of SLGA's Business Technology Plan.
- SLGA delivers a broad range of training programs to its employees, including: Aboriginal Cultural Awareness; Leadership Development (delivered as three separate programs); Harassment and Violence in the Workplace Awareness Training; Product Knowledge and Customer Service Training; and a variety of skill specific courses. In 2006-07, SLGA will continue to evaluate how effective these programs are at meeting specific outcomes, while recognizing that measuring broad-based behavioral outcomes is challenging.

What are we measuring?	**Where are we starting from?**
Percentage of Employees and Managers Using the New Performance Planning Process	Under development

OBJECTIVE 3 *– Representative Workforce: Develop a workforce that is representative of the population*

This objective reflects SLGA's commitment to having a workforce that represents the working age population of Saskatchewan at all levels of the organization. It is a critical component of SLGA's performance plan and is also a key outcome envisioned by SLGA's Corporate Employment Equity Plan.

Key Actions for 2006-07

- Continue to work towards becoming a more diverse and representative workplace by preparing the organization to hire and retain employees from the four designated groups. In 2006-07, SLGA will focus on several initiatives, as follows:
  - ~ Continuing to review, refine and implement the Aboriginal Partnership Agreement (APA);
  - ~ Continuing to implement the Corporate Employment Equity Plan including focusing on recruitment and retention strategies and job classification and designation;
  - ~ Conducting a comprehensive human relations system review to enhance the fairness of SLGA's policies, procedures and practices; and
  - ~ Continuing to deliver cultural awareness and diversity training to all SLGA employees.

What are we measuring?	Where are we starting from?
Equity Group Employment	Women[2]: 58.5% Aboriginal People: 5.2% Persons with Disabilities: 4.0% Visible Minority Persons: 2.8% *[2004-05]*

This measure depicts the employment status of the four designated equity groups within SLGA. Data for this measure is based on a regular workforce survey conducted by SLGA. The measure is an important indicator for evaluating progress towards achieving a representative workforce. SLGA has adopted the Saskatchewan Human Rights Commission guidelines for equity group employment rates, as follows: Women (45 per cent); Aboriginal People (12.5 per cent); Persons with Disabilities (9.7 per cent); and Visible Minorities (2.8 per cent).

It is important to note that although women continue to be over represented in SLGA as a whole, they are underrepresented in professional occupations and management.

OBJECTIVE 4 – *Communication: Effectively communicate our policies, priorities and results both within our organization and to the public*

This objective reflects the importance of communicating SLGA's priorities, policies, programs, and results effectively to both our internal and external stakeholders. Effective communication is a critical corporate priority especially given the number and diversity of SLGA's stakeholders and customers in the liquor and gaming industries in Saskatchewan.

Key Actions for 2006-07

- In 2006-07, SLGA will continue to refine its corporate website (www.slga.gov.sk.ca) by providing more on-line services and information in the compliance area, as well as refining existing on-line services for liquor licensing, charitable gaming licensing and registration activity. SLGA is also committed to ensuring that all key internal corporate policies are posted on the intranet to increase employee understanding, use and consistent application of these policies.
- As per the Canadian Comprehensive Auditing Foundation (CCAF) reporting principles, SLGA will continue to refine the annual performance plan and annual report to provide key information that allows the general public and our stakeholders to understand SLGA's risks, operations and processes and, with this information, easily assess SLGA's performance related to our stated goals and objectives.

What are we measuring?

Employee Satisfaction with Internal Communication

Where are we starting from?

Communication from higher levels within SLGA:

Good: 35%
Neutral: 28%
Disagreed: 37%

Opportunities to communicate to higher levels within SLGA:

Good: 37%
Neutral: 31%
Disagreed: 32%

The effectiveness of SLGA's internal communication processes and strategies are critical to ensuring SLGA can meet its strategic goals and vision. As part of SLGA's employee satisfaction survey, employees were asked a number of questions about their experiences with SLGA's communication approaches. As well, SLGA's results were measured against a database of other public sector results based on the same survey questions. This allows SLGA to compare itself against other similar corporations. SLGA intends to extend this measure to its external stakeholders and clients over time. The survey was implemented in 2005-06.

Among the favorable responses, SLGA was two percentage points higher than the public sector norm for both of these results. Nevertheless, strengthening internal communications has been identified as an area for improvement in the future.

GOAL 4

Internal Operations – Continually improve our business processes through enhanced productivity, improved internal management systems, and through the creativity of all employees

OBJECTIVE 1 *– Improved Business Processes, Productivity and Infrastructure: Streamline our internal business processes and infrastructure in ways that enable our employees and foster continuous improvements in customer service, productivity and cost-effectiveness*

This objective speaks to the importance of ensuring continuous improvement in SLGA's internal operational efficiency and productivity. Operational improvements are diverse in scope and can include: aligning information systems and technology with key priorities; improving internal auditing mechanisms; protecting SLGA's infrastructure and assets; refining and improving our annual planning and budgeting processes; undertaking evaluations of internal data to seek improvements in operational efficiency; and, making strategic investments in information systems to improve customer service and revenue generation.

Key Actions for 2006-07

- In 2006-07, SLGA will continue to refine, update, and implement the Corporate Business Technology Plan, including evaluating existing business applications to ensure SLGA is obtaining full value for the significant systems it has recently implemented. Other areas of activity for 2006-07 include: refining and enhancing existing systems as required; upgrading software applications as needed; ensuring the validity and security of data in all business applications; and, working to ensure a common web site navigation is employed amongst the various business units.
- SLGA will complete the development of a Corporate Business Continuity Planning Framework including finalizing detailed continuity plans for SLGA's primary core businesses. SLGA will also work with WCLC to annually review and make necessary adjustments to the disaster recovery plans for the VLT and central slot operating systems. SLGA has also begun a process, through its Information Systems Steering Committee, to evaluate SLGA's Information Technology disaster recovery priorities and to ensure these priorities are addressed and effectively managed.
- Evaluate and refine the store planning pilot that was undertaken in 2005-06 and begin to extend implementation to all stores in 2006-07.
- Continue to improve the managerial processes designed to identify and manage key corporate risks. Work towards aligning risk management strategies more explicitly with the Corporate Strategic Plan and incorporate more risk analysis into performance reporting.
- Continue the development and implementation of SLGA's Corporate Security Charter, and provide educational materials to SLGA staff upon completion of the Charter.
- Continue to refine and improve the corporate processes and systems that support strategic planning and accountability across the organization. In addition to expanding on key risk considerations and their influence on policy choices and performance expectations, work to expand the financial information provided to improve understanding of the relative importance of specific initiatives and their impact on achieving results.
- Continue to refine, update and implement SLGA's risk-based internal audit plan.

What are we measuring?	**Where are we starting from?**
Licensing, Regulating and Support Expenditures as a Per Cent of Revenue	3.6% *[March 31, 2005]*

This is an efficiency measure that depicts the overall cost of generating revenue. The measure reflects SLGA's efforts to optimize revenue using the least amount of operational resources. The measure also reflects the expenditures that SLGA requires in order to meet its operational and regulatory roles. The measure is intended to evaluate how well SLGA is doing in terms of improving internal business operations and how efficiently it uses public resources.

What are we measuring?	Where are we starting from?
Store Operating Cost as a Per cent of Store Sales	12.3% *[March 31, 2005]*

This measure demonstrates SLGA's efforts to maximize liquor store revenues by using the least amount of operational resources. Given the nature of SLGA store costs in terms of labour, supply, capital and equipment costs, the outcome of this measure reflects a high degree of efficiency in terms of keeping costs down as a percentage of revenues.

What are we measuring?	Where are we starting from?
WCLC Costs as a Per cent of VLT Revenue	3.5% *[March 31, 2005]*

This measure depicts SLGA's efforts to maximize the return on investment from contracting with WCLC to administer the computer systems for the province's VLTs.

What are we measuring?	Where are we starting from?
SIGA Net Income as a Per cent of SIGA Net Revenue	33.7% *[March 31, 2005]*

This measure shows the relationship between revenues and net income for SIGA. Ideally, this percentage should increase over time as revenue increases result in higher net income as opposed to reflecting higher operational expenditures.

What are we measuring?	Where are we starting from?
SIGA Slot Costs as a per cent of SIGA Slot Revenue	56.2% *[2004-05]*

This measure reflects how efficient SIGA is in its slot machine operations. Changes in the results over time can help to determine whether slot machine revenues increase at a faster rate than the costs required to operate the slots.

GOAL 5

Financial – Be fiscally responsible and accountable in support of provincial financial objectives

OBJECTIVE 1 *– Financial Management and Accountability: Manage our resources effectively to ensure fiscal responsibility and accountability*

This objective reflects SLGA's commitment to sound financial management and overall financial accountability. Overall, SLGA's net income has increased from $222.5 million in 1994-95 to $362.1 in 2004-05. This represents a 61 per cent increase in SLGA's net income over this ten-year period. SLGA's net income has risen in the past several years as a result of both natural growth in the liquor and gaming sectors, and as a result of the implementation of specific revenue generation options as part of the annual budget and planning cycles.

Key Actions for 2006-07

- Continue to explore all options to increase net income in a socially responsible manner. SLGA's net income was $362.1 million in 2004-05, a one per cent increase from the $359.1 million in 2003-04. SLGA will continue to explore and propose policy options designed to increase net income in a socially responsible way as part of the 2006-07 budget process. However, SLGA notes that significant increases in net income are unlikely to be realized due to natural growth in either the liquor or gaming sectors, but rather must be the outcome of specific policy choices.
- Continue to monitor and approve budgets for the Western Canadian Lottery Corporation.
- Continue to monitor and approve budgets for SIGA. SLGA will review SIGA's 2007-08 budget in the last half of 2006-07. SLGA also monitors monthly reporting from SIGA to help ensure effective delivery of casino operations.

What are we measuring?	**Where are we starting from?**
SLGA Net Income	$362.1 million *[2004-05]*

SLGA plays a very important role in funding provincial programs and services by transferring its net income annually to the provincial treasury. SLGA's net income reflects the total net revenue generated by the province's liquor industry and the majority of the gaming industry after deducting operating expenses. This is a critical outcome for SLGA and it contributes significantly to meeting the government's revenue needs for the funding of other key programs.

What are we measuring?	Where are we starting from?
Net Income Percentage Variance from Previous Year	+1.0%

This measure depicts the percentage change in SLGA's net income from the previous year. Notwithstanding factors out of SLGA's control, SLGA is committed to meeting its approved budgets and is committed to ensuring there is a financial return for public funds expended.

What are we measuring?	Where are we starting from?
Marginal Return on Expenses (MRE)	+1.24 *[2004-05]*

The measure is intended to demonstrate SLGA's overall return on investment for the expenditures it makes. The measure expresses a ratio between the change in net income compared to the change in total operating expenses. Any outcome greater than zero is a positive outcome. This measure reflects the principle that while operating expenses can increase, this growth in expenditures often leads to an increase in net income.

For More Information

If you have any questions or comments about SLGA's 2006-07 Performance Plan, or if you have specific questions about the programs and services provided by SLGA, please visit our website at www.slga.gov.sk.ca or contact:

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